

II.—*A Consideration of the Discoveries of Gold and Silver in the Sixteenth Century, with a view to point out the effects to be anticipated from the recent discoveries of Gold.—Silver proposed as a substitute for a Gold standard, to prevent the anticipated rise in all prices to three times their former amount.*—By W. Neilson Hancock, LL.D.

[Read Monday, February 18th, 1861.]

THE subject which I have selected to bring under your notice this evening is connected with one of the most remarkable events of our own day.

The supply of gold and silver had remained at a regular and constant state for a period of about two centuries, when suddenly it was announced, in 1849, that gold had been discovered in enormous quantities in California; in two years California was eclipsed by New South Wales; in subsequent years there were successive discoveries in different parts of Australia, and the year before last a still more remarkable discovery led to the foundation of a new colony on the continent of North America, British Columbia.

The first results of these discoveries was to produce an extraordinary influx of population, creating an entirely new district of the American Union in California. In Australia, those colonies which were the opprobrium of the empire as penal settlements were rapidly transformed into some of the most attractive portions of the British dominions.

The first effect of the change was to increase the wealth of the owners of town lots and town parks in the vicinity of Melbourne and other towns in Australia. Then came the rapid emigration, affording an outlet to the restless and enterprising of our home population, and enabling those who were unsuccessful at home to seek a new field to redeem their fortunes; then came commercial enterprise, to supply the wants of the rising colonies in all those articles of manufacture which the cost of labour there made it cheaper to import than to manufacture. The adoption of free trade by the British parliament in 1846 had fortunately afforded a facility to this rapid and great development of commerce.

Some of the remote accounts of this discovery are not less interesting, as indicating an era of progress in the history of the human race. It is not a little remarkable that it was in the gold-diggings of California and Australia that Chinese labourers were first brought to work side by side with European labourers in a common enterprise, and thus a great step was taken towards breaking down the barriers which for centuries had divided the wonderful and populous nations of Eastern Asia and the rest of mankind, and a foundation laid for uniting in the bonds of social intercourse the whole family of man.

The effect which I have here indicated is illustrated in a remarkable degree in the recent war in China, and by the treaties which Lord Elgin has with such ability concluded with China and Japan. If we compare the suspicion and sullen resistance of the Chinese in the previous war of 1841-'2 with the slight resistance in the recent war, it is impossible not to allow for the effects of the visits of the Chinese labourers to Australia and California in breaking down pre-

judices, and in teaching them that intercourse with the rest of mankind had become inevitable. The extent to which mankind have become united within the last ten years is marked by two geographical phenomena, caused in a great measure by the gold discoveries; I mean the amount of traffic now carried on over the Isthmus of Suez and the Isthmus of Panama.

So far, the effects of the gold discoveries are obvious; but their effects on the circulating medium and on prices, which I believe to be of the greatest importance, are not so plain, and the most important part of them have yet to take place. Now, I believe the best way of explaining this subject to you is by giving you some account of the last great discovery of gold and silver mines, and the effects then produced. The teaching of Solomon, that there is nothing new under the sun conveys to us that great lesson which is the foundation of social science, that human affairs are under the guidance of laws that we can discover, and that these laws constitute a system of social order out of which a progress is developed. To form any opinion of the future in human affairs it is necessary to combine an accurate knowledge of the present with a profound study of the past.

The discoveries of gold and silver to which I refer are those consequent upon the discovery of America, and one of the most important circumstances to note about them is, the intimate way in which the discovery of gold and silver is mixed up with the progress of discovery of the American continent. It would almost seem that, as the diversity of languages was the mark of the separation of mankind, the common desire for gold had some purpose to serve in attracting men to different portions of the earth's surface, and to induce them to undergo the hardships and difficulties incident to the life of those who search for gold.

The mode in which the period of history to which I am referring has always been considered can best be shown by a quotation from Anderson's *History of Commerce*. When he comes to the year 1492, he says:—"Now we approach the most important epoch in commercial history, as well as of nautical and geographical discovery, since the overthrow of the Western Roman Empire; not only by the discovery of a new world westward, but likewise, and as it were at or very near the same point of time, a wonderful new discovery of a vast extent of coast and country of the richest and most populous part of the old world, till then almost unknown to Europe any further than by the obscure and general relations of the conquests of Alexander the Great, two thousand years ago, and the yet more dark and romantic accounts of certain monkish travellers more eastward; both which, however, related but to a small part overland of the immense track since explored by the naval adventurers, which discoveries, as well westward as eastward, as they at first filled our old world with wonder and admiration, so they have since supplied it with a prodigious increase of riches, and of many new and excellent materials for the immense additional commerce thereby accruing to Europe."

The account of Columbus's first voyage shows how early gold appeared on the scene of American discovery. At Hispaniola, he

bartered with the natives, bits of glass, small hawks' bells, and such other trifles for *plates of virgin gold*, which they wore as ornaments beaten into shape with a stone, and were made without melting or refining the ore, of which processes they were totally ignorant.

In 1493, Columbus took his second voyage to America, having with him 1,500 men, with provisions and ammunition in abundance, also seeds of various kinds, breeds of horses, cows, hogs, and implements of husbandry, and *for working gold and silver mines*.

Mr. Helps, in his *Spanish Conquest of America*, gives such a minute account as to show distinctly the motives which actuated the followers of Columbus:—"The rage and vexation of these men, many of whom had come out with the notion of finding gold ready for them on the sea shore, may be imagined. The colonists, however, were somewhat cheered after a time by hearing of gold mines, and seeing specimens of ore brought from thence." The thirst of the Spanish colonists for gold is shown also by the tax they imposed on the natives of Hispaniola so early as 1495. Every Indian above fourteen years old, who was in the provinces of the mines or near to these provinces, was to pay every three months a little bell-full of gold.

In 1502, when Nicholas de Ovando arrived as governor at St. Domingo, the people he had brought out with him rushed off to the mines, knowing nothing of the nature of the work or of their capacity for enduring it. Their provisions failed them, fear seized them, and in a short time more than 1,000 of Ovando's 2,500 had perished in a wretched manner.

Mr. Helps notices a circumstance which is as true of Australia at the present day, as it was amongst the gold diggers of St. Domingo three centuries ago:—"Here it may be noticed that in general those colonists who devoted themselves to mining remained poor, while the farmers grew rich. When melting time came, it often happened that after the king's dues were paid, and those who had claims upon the produce for advances already made to the miners were satisfied, nothing remained for the miner himself."

In connection with the history of gold discovery in America, it will be new to most, if not all of you to learn that the commencement of negro slavery in America—that great blot in trans-Atlantic civilization—was for the purpose of working gold mines in St. Domingo. In a letter from King Ferdinand to Nicholas de Ovando, dated Segovia, 15th September, 1505, is of the following tenor:—"I will send more negro slaves as you request. I think there may be one hundred at each time, [of their going to the mines,] a trustworthy person will go with them, who may have some share in the gold they may collect, and may promise them ease if they work well."

These negroes were rather sturdy fellows, for Ovando solicited that no more may be sent, for they fled amongst the Indians, and taught them bad customs, and never could be captured. These were the progenitors of those negroes who afterwards, under Touissant l'Overture, defeated the bravest general of Napoleon, Le Clerc, and the flower of the French army, rescued St. Domingo from both the French and Spanish, and established the negro government

that has prevailed on that island since the period of the French revolution.

The account of Ojeda's landing on the continent of America, near the isthmus of Darien in 1509, affords a further instance of the thirst for gold. Mr. Helps observes:—"How their people should be fed seems always to have been a secondary consideration with these marauding governors; and, indeed, on like occasions in all periods of the world, it appears as if gold were supposed to be meat, drink, and clothing, and the knowledge of what it is in civilized and settled communities creating a fixed idea of its universal power, of which people are not able to divest themselves."

The extent to which this thirst for gold affected the Spaniards is further instanced in a story told of the son of an Indian chief, by the celebrated Peter Martyr. Shortly after the Spaniards first landed at Darien, and before the conquest of Mexico or Peru, "a chief called Comogre gave Vasco Nunez and his followers a splendid reception. He presented them with 4,000 pesos of gold and 70 slaves. A fifth part of whatever gold was discovered belonged by right to the king of Spain. While the Spaniards were weighing this fifth, or quarrelling among themselves, there arose what Peter Martyr's translation calls "a babbling amongst the Spaniards about the dividing of the gold."

Mr. Helps then relates that Comogre had seven sons of noble appearance and large stature, and the eldest was a young man of great spirit and ability. He seeing this miserable contention amongst the Spaniards, which must have appeared singularly contemptible in the eyes of an Indian, after the manner of Brennus dashing with his hand the scales in which the gold was, and scattering it about, made the following speech:—

"What is this, Christians? is it for such a little thing that you quarrel? If you have such a love of gold that to obtain it you disquiet and harass the peaceful natives of these lands, and, suffering such labours, banish yourselves from your own lands, I will show you a country that will fulfil your desires; but it is necessary for this that you should be more in number than you are now, for you would have to fight your way with great kings and amongst them—in the first place with king Tulanama, who abounds with this gold, and whose country is distant from our country six suns."

This speech was reported to the Spanish court, and was the first knowledge conveyed to Europe of the Pacific Ocean, and of Peru, and it is likely that Pizarro, the conqueror of Peru, was a bystander.

As to the quantities of gold which came from America to Spain, we find that so early as 1508 it is related by Herrera, the Spanish-American historiographer, that in one year the quantity brought from one island—Hispaniola—amounted to 460,000 pieces of eight. That quantity seems to have had no effect on the value of gold and on prices at home, as I shall have occasion to notice.

So early as 1517 and 1518 the Spaniards had entered into trade with the Mexicans under Montezuma, and the nature of the trade is described as being for gold, and it was this gold trade which led to the conquest of Mexico as of Peru.

The first effect of the gold discoveries in increasing the importance

of Spain is noticed as commencing as early as 1519. Rapin, in his history of England, says:—"It was the gold and silver wherewith the New World furnished Spain that contributed most to render Charles V. so powerful as he afterwards appeared." The effect of the gold discoveries on the manufactures of Spain and on the character of the people began to operate as early as the period I am now referring to.

The historian says there was once a considerable wool manufacture in Spain, though afterwards neglected, chiefly proceeding from two causes; first, from the continual flowing in of the gold and silver of America, so that the nation grew lazy with their riches, and careless of the labour required in their manufactures; secondly, the temptation of getting suddenly rich allured such numbers of people to withdraw to America, that there were not industrious hands enough left in Spain to carry on such manufactures.

There are two incidents of Spanish enterprise which are the last I shall refer to in corroboration of the point to which I have already directed so much of your attention, the intimate connection between the thirst for gold and the progress of Spanish colonization in America.

In 1527 Spain sent out a leader named Narvaez, an ancestor no doubt of the bold minister of Spain of the present day, with the design of making for the first time a settlement in North America. He proceeded with five ships and 400 men to the conquest of Florida. Then comes the reason why the conquest was given up; but, *finding no gold* and much hardship, the enterprise was abandoned after the loss of the ships and nearly all the men.

In 1543 the Spaniards made a more remarkable expedition, and one more interesting to us. Herrera acquaints us that they sailed from Mexico for discovery on the west side of North America, as far as the latitude of forty-four degrees, even to the further part of California, but as they found there neither gold nor silver but only very cold and forsy weather, they returned home to Mexico.

The Spaniards were not real discoverers of gold in America except so far as they discovered America itself. They found the natives with gold; they tried where these Indians had obtained it, and then they set them to work at their mines, and so produced it. In truth, the whole management of the gold mines by the Spaniards was different from the modern gold system in California and Australia, in that the Spanish was a military, the Anglo-Saxon an industrial movement. The Spanish is properly called the conquest of America, the British, the colonization of Australia; and in estimating the effects both on the colonies and the mother country, this essential difference between a military and an industrial movement must be borne in mind. Each is suited to its own era—the military to the sixteenth, the industrial to the nineteenth century—and so far there is no real parallelism between the probable course and effects of the two. The point in which their effects are identical is upon the actual value of gold and silver, and upon their use as a standard of value and consequently upon prices, and to that I shall next direct your attention.

The effect of the discoveries of gold and silver in America upon

prices can be more readily traced by directing attention to the case of silver than to that of gold, because silver was up to that period the universal standard of value, gold being used for auxiliary coins, as was the system in France and America down to our own day.

The discovery of the principal silver mines, unlike those of gold, was not the result of conquest, but of accident, and the greatest discovery took place about the year 1545, subsequent to all the events to which I have directed your attention.

According to Herrera's History of Spanish America, "the unparalleled silver mines of Potosi in Peru had been discovered a little time before 1545, but remained concealed from the king's officers until that year." Such were the riches drawn from these mines, that even in those times the king's fifth amounted to one million and a half pieces of eight yearly, although in those early days the king was robbed of much of his due, not one-third part of the silver being stamped or registered. He adds that in the year 1585, they counted one hundred and eleven millions that had paid the king's fifth from the first discovery of the mines to that year, besides an immense quantity that had never paid it at all.

This discovery of the mines of Potosi was followed by another discovery, which, as we shall see presently, was no less important with respect to its effects upon the value of silver. I refer to the discovery of quicksilver mines, which cheapen the cost of producing gold in a remarkable degree.

It seems that it was first found to be very difficult to separate the metal from the earth or dross, by dint of fire; the ancients being ignorant of the secret of separating the metal of silver by mercury, although they knew that of gold, and they thought that mercury would not cleave to any other metal.

There were, it seems, no quicksilver mines in Europe until after the discovery of America, excepting those of Carinthia in Germany and of Almadin in Spain, but in the year 1566 they discovered one near Guamango in Peru, by which the Spanish crown afterwards got 400,000 dollars of annual profit.

The importance of these discoveries in Peru is indicated by the fact that two-thirds of all the silver which arrives in Europe from America comes from Peru.

The subject to which I have next to direct your attention, is the period which elapsed between the discovery of the Peruvian mines and the fall in the value of silver throughout Europe; that we may know when to expect a fall in the value of gold, and how long it will take to produce a change.

This is a subject on which we have very accurate and reliable information; for the celebrated Adam Smith, in his great treatise on the Wealth of Nations, has a chapter on this very point—the variations in the value of silver. The conclusion he draws is that there is no conclusive evidence of any change in the value of silver in England from the invasion of Julius Cæsar till 1570, although the older writers differ on the subject.

From about 1570 to about 1640, during a period seventy years, the variation of the proportion between the value of silver and corn held a quite opposite course; silver sunk in its real value, or would

exchange for a smaller quantity of labour than before, and corn rose in its nominal price, and, instead of being sold for about two ounces of silver the quarter, or about ten shillings of our present money, came to be sold for six and eight ounces of silver the quarter, or about thirty or forty shillings of our present money.

The discovery of the abundant mines of America seems to have been the sole cause of this diminution of the value of silver in proportion to that of corn; it is accounted for accordingly in the same manner by every body, and there never has been any dispute either about the fact or about the cause of it. The greater part of Europe was during this period advancing in industry and improvement, and the demand for silver must consequently have been increasing. But the increase of the supply had, it seems, so far exceeded that of the demand, that the value of that metal sunk considerably. The discovery of the mines of America, it is to be observed, does not seem to have had any very sensible effect upon the prices of things in England till after 1570, though even the mines of Potosi had been discovered more than twenty years before.

As to the changes in the value of silver since the effect of the American discoveries ceased, Adam Smith says—"Between 1630 and 1640, or about 1636, the effect of the discovery of the mines of America in reducing the value of silver, appears to have been completed; and the value of that metal seems never to have sunk lower in proportion to that of corn than it was about that time; it seems to have risen somewhat in the course of the last century, and it had probably begun to do so some time before the end of the preceding century."

Such being the account given of silver, Adam Smith proceeds to notice gold. He says: "Before the discovery of the mines of America, the value of fine gold to fine silver was regulated at the different mints of Europe between the proportions of one to ten and one to twelve; that is, an ounce of fine gold was supposed to be worth from ten to twelve ounces of fine silver. About 1560 it came to be regulated between the proportions of 1 to 14 and 1 to 15; that is, an ounce of fine gold came to be supposed to be worth between 14 and 15 ounces of fine silver. Gold rose in its nominal value, or in the quantity of silver which was given for it. Both metals sunk in their real value, or in the quantity of labour they could purchase, but silver sunk more than gold. Though both the gold and silver mines of America exceeded in fertility all those which had ever been known before, the fertility of the silver mines had, it seems, been proportionally still greater than the gold ones."

Here then we have it established beyond doubt, that at the period of the former discovery of gold, all prices and contracts were in a state of disturbance for a period of seventy years, and during that time they underwent so great a change that all wages, salaries, rents, and prices rose to three times their former amount. This change was at the time attended with a great deal of suffering, a constant struggle between different classes, public discontent and disturbance. The records of the Privy Council in England disclose constant complaints from traders and other classes. The matter was inquired into by the celebrated Lord Bacon and other councillors of King

James I. and King Charles I., but they, with the limited knowledge of social science of that day, were never able to discover the causes of so much suffering or the remedy; and it is a matter of some historical interest, that it was during these seventy years that the Stuart dynasty and the aristocracy of England, as represented by the cavaliers, lost their hold over the people of England. The commencement of the Great Rebellion was in 1640, and it was then discovered in the rapid success of the parliamentary army and of the sudden rise of Oliver Cromwell, how completely the feelings of the people had changed from what they had been under Henry VIII. and Elizabeth. And there cannot be a more just cause of loss of power, than when the ruling classes are unable to understand the causes of the sufferings they see around them, and are unable to devise a remedy. At the present we are more fortunately circumstanced; it is to the wisdom of Lord Liverpool, Sir Robert Peel, Mr. Huskisson, and Lord Overstone that we owe wise legislation on monetary matters; and the recent Congress of Social Science was patronized by Lord Brougham, Lord John Russell, Lord Stanley, Lord Carlisle, and Lord Harrowby.

My object in directing attention to the great change in the value of money which took place before, and to the great injuries which that change inflicted, is to give warning that a similar change is impending over us now, unless the legislature interfere to adopt the remedy which social science points out. Before explaining this remedy, I must notice the arguments of those who say, "Oh, there is no danger of the gold affecting prices; ten years have elapsed since the discoveries began, and no effect has been produced. If all the enormous supplies of gold that have come in have produced no effect as yet, how can you infer that future supplies will alter the result."

Now, to this reasoning there is a twofold answer; in the first place, the fall of the value of silver in the case of the discovery of Potosi did not take place for twenty-five years after that discovery, but this delay did not prevent the fall of silver to a third of its value in the seventy years following. It is idle therefore to rely on the absence of any great change in prices during the past ten years, as affording the slightest security against a fall in the value of money for the future.

But there is a scientific reason which seems to me to prove to demonstration that a fall in the value of money and a general rise of prices is inevitable, and I will explain the reasons why I consider it has begun and will proceed more rapidly than it did before.

I must begin by premising the elementary, but no less important truth, that the value of the precious metals does not depend on their quantity, but on the cost of obtaining them. The best illustration on this subject is the one of coats and waistcoats; the number of these are about equal, as any one can ascertain by examining his wardrobe, but their value or price is very different, as he will also discover if he looks at his tailor's bill. This difference of price is exactly proportionate to the difference of cost of production, as a clothier's work-book makes manifest.

In the same way, it was estimated that before the recent discove-



ries there was about forty-five times as much silver in the world as gold; silver was not, however, forty-five times cheaper than gold—as it should be if the value of the precious metals was in proportion to their quantity—but only fifteen times, which is calculated as the proportionate cost of production of gold as compared with silver.

The value of all commodities has a constant tendency, in proportion to their durability, to coincide with their cost of production. This law is, except in special cases of commercial panics, foreign wars, and other social disturbances, strictly true of the precious metals.

It follows, therefore, that there will be no change in the value of gold until there is a change in its actual production; and once the cost of production decreases, a fall in the value of gold is inevitable.

What then is the cost of production of gold in Australia and California? Why did it not change for the first few years after the discovery? Why has it begun to change, and is the change likely to progress?

Now the cost of production of any commodity is the quantity of labour and use of capital required in its production, multiplied by the rate of wages that has to be paid for the labour, and the rate of profit that has to be allowed for the use of the capital.

The meaning of new mines being more fertile than old mines is, that the quantity of labour and capital required to produce a given quantity of gold is less in the new mines than in the old. But you will at once perceive that if the wages and profits are higher at a new mine in proportion to its fertility, the cost of production and consequently the price will not be affected. The labourers and capitalists in the new colony will gain the whole advantage of the fertility of the mine, but the public will not be benefitted by the fall in price.

Now this is exactly what has happened in Australia and California; what we hear of in both places is the enormous wages for every kind of labour, and the high profits to be made for the use of capital. As long as these high wages and profits continued, there was no change in the cost of production of gold, and no change in its value.

But these high wages and profits have already begun to fall, and a further fall in them is inevitable.

The account of them has attracted numbers from these countries, and also from China. In California there has been an enormous emigration from the States, so that from mere competition the wages must fall. In the same manner, as rapidly as wealth accumulates in Australia, the profit to be made by employing it there must likewise fall. The only cause which could keep the rate of profit permanently different in Australia from what it is here, would be the risk of residing there and employing capital. But in Australia they are rapidly introducing all the elements of civilization and good government, whilst a man now requires high wages and profits to induce him to run the risks which bowie knives and revolvers imply. In a very short time the increased security for life and property will lead to a further fall in both wages and profits to what they are in the United States, and in Canada, and in other newly settled countries.

We are thus able to discover in what manner the fall in the value of gold will take place, and how to discover its probable amount.

For such inquiries it would only be necessary to have an accurate estimate of the cost of production of gold at present, and then to substitute for the existing wages and profits what is usual in the United States.

I have not met with statistics collected for this purpose, and so am unable to solve the problem for you now ; but I can show you how it can be solved, and I have no doubt, with the increased attention paid to the subject, the problem will be solved, and we shall be able to know how soon a considerable fall in the value of gold will take place, and the extent to which it can reach.

But although a change in the value of gold is inevitable, there is no reason why we should allow that change to affect all our contracts, and produce the evils a similar change did in the sixteenth century.

The reason that gold is used as the standard of value is because it has been, with the single exception of the seventy years from 1570 to 1640, to which I directed your attention, the most constant in value of all commodities, and therefore best suited as a measure of value ; but now that it is likely for a time to lose the characteristic on account of which we selected it, we should seek some other standard. Fortunately for us, that is easier done than it was in the times of our forefathers, for on this occasion the discovery of gold mines has not been accompanied by that of silver mines. Silver remains constant in value, and will so continue. There is, therefore, no reason why we should not adopt it as our standard. It was so from the earliest times in England down to a very recent period. It is so in Spain, India, and China to this day. It was so, until the recent discoveries, in France and the United States. In fact, all the coins best known throughout the world are silver coins—the Spanish dollar, the American dollar, the franc in France, the rupee in India. In England the names of all the coins are derived from weights of silver—a pound meant in the time of William the Conqueror a pound weight of silver, the same in Scotland, and the old livre in France. A penny originally meant a pennyweight of fine silver, and the only coins in William the Conqueror's time were silver pennies.

Ever since the reign of Queen Elizabeth the greatest care has been taken to preserve the true weight and fair proportion of alloy in our coins, and the British government has been remarkable throughout Europe for the honour and firmness with which this has been done.

To her firmness in this respect, and to the wisdom of the great Lord Burleigh in resisting all proposals to tamper with the currency, Queen Elizabeth owed a great deal of her power and her popularity. The weakness of the Stuarts was no where more shown than in their tampering with the currency, and allowing it to get into a debased state. William the Third gained immortal honour for his reformation of the coin, and for acting on the advice of the celebrated John Locke in resisting proposals to tamper with the currency.

In more recent times Mr. Huskisson, Sir Robert Peel, and Lord Overstone have gained equal honour by preserving our standard of value from the derangements arising in the management of the bank circulation.

We are bound, therefore, for the honour of England, to sustain that character for public principle and good faith which we have so long held, to restore the ancient standard of value, and thus preserve all our engagements, public and private, all our family settlements and commercial speculations, from the uncertainty and disturbance in which the retention of the gold standard would involve us.

A nation of Europe, which at the present day we are apt to overlook ; but from which we have learned much and to which we are much indebted, has already set us an example. The Dutch government, which has always been involved in debt since its great struggle to throw off the tyranny of Spain, has held its place in Europe mainly by the great probity of its merchants and statesmen, and the honour with which it has maintained its public engagements. It is most similar to us in the amount of its debt and its wealth, in proportion to its population. This nation of merchants has, since the recent discoveries, changed its standard from gold to silver, and thus set us an example which I hope will be soon followed.

The course of this paper has led to a contrast between British and Spanish colonization. The contrast between the position which the two countries once occupied, and now hold, is put very strikingly in two passages I met with in preparing this paper. An eminent Italian writer, in a treatise published in 1590, on the causes of the magnificence and greatness of cities, says, "the kingdoms of England, Naples, Portugal, and Bohemia, as also the earldom of Flanders and the dukedom of Milan, are states in a manner of equal greatness and power, so that the cities wherein the princes of these same kingdoms have for any long time made their residence have been in a manner also alike ; as London, Naples, Lisbon, Prague, Milan, and Ghent, which have, each of them, more or less, an hundred and sixty thousand inhabitants."

Voltaire, in his general history of Europe, says, that from the reign of the Emperor Charles the Fifth, that is, from 1516 to the end of the reign of Philip the Second, 1598, the Spaniards had a remarkable superiority over other nations. Their language was spoken at Paris, at Vienna, at Milan, and at Turin. Their fashions, their manner of thinking and writing gave them an ascendant over the Italians, and, in fine, Spain, till 1598, or somewhat later, had greater respect shown to her than was demonstrated to any other nation.

Where is Spain, now ? Where are her colonies ? Where is her wealth ?

When the great powers of Europe assemble in congress, the name of Spain is no longer heard amongst them. England has so far surpassed all those nations that in 1590 were considered equal to her, that she, alone of them, is a great power now.

Where are the Spanish colonies ? Of all the discoveries of Columbus—the conquests of Cortes and Pizarro—all that now remains to Spain is Cuba. Nor would she possess even that island, were it not that the European powers aid her to hold it ; lest, by being conquered by the slave owners of the United States, it would tend to perpetuate slavery.

Where is the wealth of Spain now? With difficulty is she able to meet her engagements—as the meetings of Spanish bondholders make manifest. In railroad enterprize she is behind all Europe, and when, even late, she enters into the field, it is to England she must look for engineers and for machinery.

We learn from this that the benefit of wealth to a nation, as to an individual, depends not so much on the amount gained, as on the manner in which it is acquired and the use that is made of it. And, above and beyond all wealth, is the preservation of national and of individual character.

The lesson which the history of Spain, since the discovery of America, teaches should not be lost on us.

If we desire that our country should possess that proud position which it now occupies in the world, we must ever watch indications of character. The gold discoveries have not as yet produced the same effects as they did in Spain; but they have developed reckless trading, and in America that species of marauding violence which is called filibustering.

It is to be feared we are not enough on our guard against such dangers. It is too much the fashion of the present day to encourage the intense pursuit of mechanical work, and material prosperity, whilst too little attention is paid to higher views, which make business subservient to man instead of man to business.

Again, it is sought to reduce all the relations in life to mere money bargains and legal rights, and to ignore these great social duties which, suggested by our conscience, we feel to be the commands of a higher power.

The teaching of social science in past times is not free from the charge of contributing to some extent to this materialism.

I can only do my part in endeavouring to show you from the history I have brought under your notice, what I believe to be the greatest truth in social science—that human actions have an infinite effect on society—that it is impossible to aim at truth by studying the material aspect of any subject only—that, for individuals or for nations, the only prosperity worth seeking is that which arises from industry, when combined with manliness and moral excellence.

---